

# Investment Risk Factsheet

**At Church House, we believe that successful investment management is about effective risk management.**

In its most basic form, we define risk as the permanent loss of capital. This means investors walk away with less than they invested. Our primary objective is to avoid that risk and below is an overview of the different areas we manage within our investment process.



## Inflation Risk

The risk you lose purchasing power if your investment returns do not keep up with inflation (the rise in the cost of goods and services).



## Credit Risk

The risk of default on the bond issued by a company or the government. The issuer of the bond may face financial difficulties and consequently default on income payments or return of capital.



## Business Risk

The risk concerning the overall uncertainty of a business's operations, i.e. the risk of them becoming unsustainable and unprofitable.



## Concentration Risk

The risk of loss because your money is concentrated in one type of investment. Diversifying your investments can help spread risk.



## Longevity Risk

The risk of outliving your savings especially if you are retired or nearing retirement.



## Interest Rate Risk

The risk of losing money due to interest rate fluctuations. Typically, when interest rates rise, values fall. This is especially true with certain types of bonds.



## Liquidity Risk

The risk of being unable to sell your investment at a fair price and get your money out when you want to. You may need to accept a lower price and in some cases, it may not be possible to sell the investment at all.



## Country Risk

The risk when a country fails to honour its financial commitments. This can affect stocks, bonds, mutual funds and options as well as other countries who trade with them.



## Market Risk

The risk that the value of your investment returns will fluctuate based on macro-economic factors, such as recessions, politics, currencies and overall economic impact.

A good way of avoiding market risk is to invest your money gradually and /or invest for at least five years. You can also reduce market risk by investing in a variety of stock markets around the world.

**Important Information** - The contents of this factsheet are for information purposes only. Readers should note that this content does not constitute investment advice or a solicitation to buy, sell, or hold any investment. We strongly recommend that you should speak to an investment adviser before taking any action based on the information contained in this factsheet.

Please also note the value of investments and the income you get from them may fall as well as rise, and there is no certainty that you will get back the amount of your original investment. You should also be aware that past performance may not be a reliable guide to future performance. Church House Investment Management is a trading name of Church House Investments Limited, which is authorised and regulated by the Financial Conduct Authority.